

**ASSEMBLY BILL**

**No. 605**

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**Introduced by Assembly Member Gatto**

February 24, 2015

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An act to amend Section 1685 of the Vehicle Code, relating to vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 605, as introduced, Gatto. Department of Motor Vehicles: electronic programs: contracts.

Existing law authorizes the Department of Motor Vehicles to establish contracts for electronic programs that allow qualified private industry partners to join the department in providing services that include processing and payment programs for vehicle registration and titling transactions.

This bill would make a technical, nonsubstantive change to these provisions.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Section 1685 of the Vehicle Code is amended to  
2     read:  
3     1685. (a) In order *for the department* to continue improving  
4     the quality of products and services it provides to its customers,  
5     the department, in conformance with Article 4 (commencing with  
6     Section 19130) of Chapter 5 of Part 2 of Division 5 of Title 2 of  
7     the Government Code, may establish contracts for electronic

1 programs that allow qualified private industry partners to join the  
2 department in providing services that include processing and  
3 payment programs for vehicle registration and titling transactions.

4 (b) (1) The department may enter into contractual agreements  
5 with qualified private industry partners. There are the following  
6 three types of private industry partnerships authorized under this  
7 section:

8 (A) First-line business partner is an industry partner that receives  
9 data directly from the department and uses it to complete  
10 registration and titling activities for that partner's own business  
11 purposes.

12 (B) First-line service provider is an industry partner that receives  
13 information from the department and then transmits it to another  
14 authorized industry partner.

15 (C) Second-line business partner is a partner that receives  
16 information from a first-line service provider.

17 (2) The private industry partner contractual agreements shall  
18 include the following minimum requirements:

19 (A) Filing of an application and payment of an application fee,  
20 as established by the department.

21 (B) Submission of information, including, but not limited to,  
22 fingerprints and personal history statements, focusing on and  
23 concerning the applicant's character, honesty, integrity, and  
24 reputation as the department may consider necessary.

25 (C) Posting a bond in an amount consistent with Section 1815.

26 (3) The department shall, through regulations, establish any  
27 additional requirements for the purpose of safeguarding privacy  
28 and protecting the information authorized for release under this  
29 section.

30 (c) The director may establish, through the adoption of  
31 regulations, the maximum amount that a qualified private industry  
32 partner may charge its customers in providing the services  
33 authorized under subdivision (a).

34 (d) The department shall charge a three-dollar (\$3) transaction  
35 fee for the information and services provided under subdivision  
36 (a). The private industry partner may pass the transaction fee to  
37 the customer, but the total charge to a customer may not exceed  
38 the amount established by the director under subdivision (c).

39 (e) All fees collected by the department pursuant to subdivision

40 (d) shall be deposited in the Motor Vehicle Account. On January

1 1 of each year, the department shall adjust the fee in accordance  
2 with the California Consumer Price Index. The amount of the fee  
3 shall be rounded to the nearest whole dollar, with amounts equal  
4 to, or greater than, fifty cents (\$0.50) rounded to the next highest  
5 whole dollar.

6 (f) The department shall adopt regulations and procedures that  
7 ensure adequate oversight and monitoring of qualified private  
8 industry partners to protect vehicle owners from the improper use  
9 of vehicle records. These regulations and procedures shall include  
10 provisions for qualified private industry partners to periodically  
11 submit records to the department, and the department shall review  
12 those records as necessary. The regulations shall also include  
13 provisions for the dedication of department resources to program  
14 monitoring and oversight; the protection of confidential records  
15 in the department's files and databases; and the duration and nature  
16 of the contracts with qualified private industry partners.

17 (g) The department shall, annually, by October 1, provide a  
18 report to the Legislature that shall include all of the following  
19 information gathered during the fiscal year immediately preceding  
20 the report date:

21 (1) Listing of all qualified private industry partners, including  
22 names and business addresses.

23 (2) Volume of transactions, by type, completed by business  
24 partners.

25 (3) Total amount of funds, by transaction type, collected by  
26 business partners.

27 (4) Total amount of funds received by the department.

28 (5) Description of any fraudulent activities identified by the  
29 department.

30 (6) Evaluation of the benefits of the program.

31 (7) Recommendations for any administrative or statutory  
32 changes that may be needed to improve the program.

33 (h) ~~Nothing in this section impairs or limits~~ *This section does*  
34 *not impair or limit* the authority provided in Section 4610 or  
35 Section 12155 of the Insurance Code.